

The AmTrust California Premium Audit Process

What to expect and how to prepare



What is a premium audit?

We initially charge premium based upon estimated payroll at the beginning of the policy term. To ensure these figures are accurate, and classifications are appropriate, all workers' compensation policies are subject to an audit to determine actual premium.

The objective of the premium audit is to:

- Discover the correct chargeable payroll, in accordance with applicable state rules
- Confirm your business is assigned to the correct workers' compensation classification
- Assign each of your workers to the appropriate classification

When is a premium audit performed?

Your audit will be conducted using one of the two methods below:

- Physical audits
 - If your policy is assigned for a physical on-site audit, you can expect to be contacted by our audit representative after your policy expires or is cancelled.
- Online/mail audits
 - If your policy is assigned for an online/mail audit, you can expect to receive an audit form shortly after your policy expires or is cancelled.



Assembly Bill 2883

Effective Jan. 1, 2017, Assembly Bill 2883 mandates that all corporate officers wishing to be excluded from coverage must possess at least 15 percent ownership and provide a completed waiver form. A copy of the form is available on our website. Failure to provide this document will result in the officer payroll being included in the final premium audit.

How do I prepare for my audit?

The objective is to make the premium audit process a positive experience. For physical audits, you will be contacted by letter or phone to schedule a date for the audit appointment. Having the appropriate records available for the audit will allow the auditor to complete the process smoothly. There are certain payroll items that can be excluded; these

exclusions vary by state and will be explained to you by the auditor to ensure you receive credit for any excludable items in your payroll.

For online/mail audits, you will be required to complete an audit form and return it along with Federal 941 forms or quarterly payroll reports from a payroll agency for all of the business locations included on your policy that best correspond with your policy period.

Request Certificates of Insurance from your subcontractors

If you have subcontractors working for you, you should always ask them to provide a Certificate of Insurance for the audited policy period. This is critical information to provide the auditor at the time of your audit and could help to avoid possible additional premium charges.

Be available for questions

If your account is scheduled for a physical audit, the owner of the business should be available to speak with the auditor to answer questions and review the results of the premium audit. If the owner is not available at the time of the audit, the auditor will need to meet with someone who has thorough knowledge of the business operations.

In addition, to ensure your business is properly classified, and that your employees are assigned to the correct classification, the auditor may request to be given a tour of your premises.

Your audit results

All information obtained will be kept in strict confidence and will not be reported to any third party recipients. You will receive an audit statement detailing the audit results shortly after the premium audit is completed. If you disagree with the audit findings, please contact your agent directly for assistance and they will instruct you as to whether a formal dispute is necessary.

Records checklist

Ownership information, such as

- Type of business entity
- Principal names and duties
- Federal identification number

Payroll records

Individual earnings records

Quarterly payroll tax reports (941 forms and state unemployment)

Sales information

1099s (if any)

- Payments to subcontractors
- Subcontractor Certificates of Workers' Compensation Insurance

Full-time/part-time employee headcount

Payments to cash labor (if any)

Job cost records

Profit and loss statement

Additional information/records may be required if necessary

If you have any questions or would like additional information, please contact us at:
audits@amtrustgroup.com



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